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INFORMATION REPORT

CD NO.

COUNTRY Italy

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SUBJECT

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Opinions in Italian Government on Economic Policy

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SUPPLEMENT TO 25X1X REPORT NO.



- 1. Pietro Campilli, Italian Minister without Portfolio, recently discussed with a friend the current differences of opinion on Mallan economic policy among responsible members of the Government.
- 2. He prefaced his statements with a few remarks on the administration of the "Cassa" for land reform in Southern Italy (Cassa del Mezzogierno), for which he is responsible, saying that here too there were differences of opinion, as well as administrative difficulties, which were holding matters up. The Board of Directors was too large, as a result of nominations through pressure of the majority; projects for public works were not yet ready; there was no head of the Finance and Credit section; and there was too much restrictive bureaucracy in the Ministries of Public Works and Agriculture.
- 3. Campilli stated that Giuseppe Pella, Minister of the Treasury, supported by Donato Menichella of the Bank of Italy, and Ivan Mattee Lembardo, Minister of Foreign Trade, was of the opinion that a rigid economic discipline was not applicable to Italy; on the other hand, Giuseppe Togni Minister of Industry and Commerce, would like to revert in many respects to a type of corporative economy, on pre-war Fascist lines, in favor of the big industrialists, who were largely members or supporters of the extreme right wing.
- 4. Both ideas had something to be said for them. The industrialists, it was true, were speculators and monopolists, as the Communists said, but it would be dangerous to the national economy to introduce radical changes and adopt a boo provocative attitude to those who were in a position to help. Somehow a balance had to be found between the two ideas. He had his own ideas, but since it did not appear that he would be able to carry them out, he preferred to leave matters to Ugo La Malfa, Minister without Portfolic for Economic Affairs, who in any case was not affected by the internal dissensions of the Christian Democratic Party.
- 5. Some decision would have to be made quickly. The Americans had been given plenty of figures showing in theory that Italy could do towards rearmament and production for NATO countries, and that assistance she would require

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from them, but no organized plan of action had been prepared, and the Americans had been left with the impression that the Italian Government did not really know what type of action to take. Unless a guarantee of firm and organized purpose could be given, it was likely that the Americans would give their assistance only in driblets and never let them know what they might ultimately expect. This would be fatal.

6. Epicarmo Corbino, Deputy of the Italian Liberal Party, and a noted economist, confirmed to the same friend the difference of opinion between Pella and Togni. The former did not approve of Togni's plan to make a "census" of existing stocks, but he supported it because he wished to pave the way for the law on special economic powers, which he hoped would allow him to maintain the principles which he had so far followed, but without the same rigid application as before. Certainly, Corbino continued, he and his Party had been opposed to Pella in the past, largely because he had hoarded instand of allowing investments in goods, properties and services, but his line was now infinitely preferable to that of Togni and all supporters of dictatorial controls, who had in any case no machinery for enforcing them.